

Program Description Document

INEEL Supplier Management Program

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1. INTRODUCTION

The Idaho National Engineering and Environmental Laboratory (INEEL) is a multi-program Department of Energy (DOE) research and development center that supports the department's missions/business lines of Environmental Quality, Energy Resources, Science and Technology, and National Security.

Throughout its nearly fifty-year history, the INEEL has shifted direction to stay in step with world changes, fitting its core strengths with present and future needs. Today, the INEEL is a technical organization that couples highly trained technical specialists, scientific and engineering expertise with unique facilities and operations to execute missions of the DOE. These missions include: fully addressing the environmental legacy of the Cold War; ensuring a secure, reliable, and sustainable national energy infrastructure; supporting national security programs; and contributing to the leadership in science, technology, and innovation.

To accomplish its current mission, the INEEL requires a diverse range of materials and services to be acquired through the Bechtel BWXT Idaho, LLC (BBWI), procurement process. Materials and services supplied to the INEEL range from all forms of commercially available items and products to complex engineered hardware and equipment as well as, technical, professional, and miscellaneous support services of virtually every form.

2. PROGRAM OBJECTIVE

The objective of the INEEL Supplier Management Program (ISMP) is to establish and maintain an effective, integrated, and compliant supplier management system ensuring the selection and utilization of capable *suppliers* (see def.), in support of today's INEEL mission.

3. PROGRAM SCOPE AND APPLICABILITY

The ISMP is applicable to all qualifying acquisitions initiated and completed through the BBWI procurement system. The BBWI procurement system is controlled and maintained by the BBWI Supply Chain Management & Contracts (SCM&C) Division, in accordance with Department of Energy, Idaho Operations Office (DOE-ID) Management & Operating (M&O) contract DE-AC07-99ID13727. The SCM&C Division is assigned program management and administration responsibility for all aspects of the supplier management process.

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The ISMP is not applicable to the following:

- Materials and Services obtained via Purchase Cards
- Services obtained from any Federal Agency, Department, or Commission
- Leases
- Software Licenses
- Room Rentals.

4. INEEL PROGRAM INTERFACES

4.1 Supply Chain

4.1.1 Procurement Process

The Procurement Process integrates all supplier selection requirements specified in the M&O prime contract, the Department of Energy Acquisition Regulations (DEARs), and the applicable Federal Acquisition Regulations (FARs) and is responsive to applicable socioeconomic subcontracting goals as defined by established subcontracting objectives.

4.2 Quality

4.2.1 Quality Assurance (QA) Program

The QA Program integrates all supplier evaluation requirements specified in the M&O prime contract and applicable nuclear safety management regulations.

4.3 Safety & Health

4.3.1 Integrated Safety Management System (ISMS)

The ISMS core functions and guiding principles specified in the M&O prime contract are incorporated into supplier-controlled and performed work processes while working within the INEEL site boundaries or designated offsite facilities.

4.4 Voluntary Protection Program (VPP)

The DOE VPP elements are incorporated into supplier-controlled and performed work processes while working within the INEEL site boundaries or designated offsite facilities.

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4.5 Environmental

4.5.1 Environmental Management System (EMS)

The EMS integrates the environmental requirements specified in the M&O prime contract into supplier-controlled and performed work processes while working within the INEEL site boundaries or designated offsite facilities.

5. PROGRAM DESCRIPTION

5.1 General

5.1.1 The ISMP consists of a common set of performance criteria cross-referenced against a three-category system of classification. Appendix A, ISMP Description Matrix, defines the performance criteria and classification categories. The ISMP structure is designed to provide a management system, which complies fully with all applicable federal, state, and local regulations and fully supports the broad spectrum of highly diverse acquisitions.

5.1.2 A major component of the ISMP is the Supplier Performance Evaluation System (SPES). The SPES is a comprehensive supplier performance rating process designed to evaluate and rate supplier performance upon the conclusion of each established *performance period* (see def.). Appendix B, SPES Description Summary, defines the evaluation and rating process as applied to the delivery and acceptance of materials and services.

The objective of the SPES is to:

- identify and retain suppliers that provide compliant or better, materials and services.
- eliminate substandard performers from the INEEL supplier base.

5.2 Performance Criteria

5.2.1 ISMP Performance Criteria and associated definitions are established as follows:

5.2.1.1 Criterion 1: Debarment

Supplier is not currently listed on the General Services Administration (GSA) Consolidated List of Debarred, Suspended, or Ineligible Contractors.

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5.2.1.2 Criterion 2: Financial

Supplier must be able to provide, upon request, objective evidence of financial stability, to include as specified by contract, performance/payment bonding capability, insurability, and/or Dun & Bradstreet or Standard & Poor rating.

5.2.1.3 Criterion 3: Technical

Supplier must be able to provide, upon request, objective evidence of technical capability, to include, as specified by contract, facilities, tooling, machinery, experience, qualifications, personnel, and/or other relevant factors.

5.2.1.4 Criterion 4: Quality

Supplier must be able to provide, upon request, objective evidence of management system for quality and/or quality assurance to include as specified by contract, system documentation and implementation.

5.2.1.5 Criterion 5: Safety & Health

Supplier must be able to provide, upon request, objective evidence of worker protection history and management commitment to a safe and healthful work site, free from occupational injury and illness. This may include if specified by contract, integration of the INEEL ISMS and the DOE VPP requirements and concepts.

5.2.1.6 Criterion 6: Environmental

Supplier must be able to provide, upon request, objective evidence of satisfactory environmental protection history and/or regulatory compliance.

5.2.1.7 Criterion 7: INEEL Performance History

For those suppliers with previous INEEL history, objective evidence on record of satisfactory

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performance history, defined as a 12-month cumulative SPES score greater than 75 points.

5.3 Classification Levels

5.3.1 ISMP Classification Levels and associated requirements are established as follows:

NOTE: *The classification system is NOT progressive. Suppliers are neither required, nor encouraged, to advance from one classification to the next, except as directed by purchase order or contract. Classification is based solely upon the acquisition type, assigned procurement quality level, and/or contract requirements.*

5.3.1.4 APPROVED

APPROVED status is required for ANY supplier receiving a BBWI-issued purchase order or contract for any material or service.

- A. Performance criteria required beyond the ISMP, is established by, and in accordance with, an approved purchase order or contract.
- B. Suppliers obtaining approval status must maintain an INEEL 12-month cumulative performance history rating of greater than 75 points. First time suppliers are exempt.

5.3.1.5 QUALIFIED

QUALIFIED status is required for ANY supplier receiving a BBWI-issued *quality significant* (see def.) purchase order or contract. Qualified status is reserved for those suppliers providing items and services to those INEEL programs and projects controlled and managed under the BBWI Quality Assurance (QA) Program.

- A. Internal BBWI procedures define the company-wide process for qualifying suppliers of quality significant materials and/or services.
- B. To obtain qualified status, suppliers are evaluated in accordance with specified criteria and approved to provide designated items and/or services in accordance with

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applicable codes, standards, specifications, and/or regulations. Qualification status is categorized into four (4) distinct levels as follows:

- Qualification Level I: Requires on-site audit of supplier quality system and technical capability by certified personnel.
- Qualification Level II: Requires quality system documentation audit by certified personnel. May require on-site facility surveillance and/or walk-down by qualified personnel.
- Qualification Level III: Requires on-site commercial practice review by qualified personnel.
- Qualification Level IV: Requires verification of satisfactory performance history by designated personnel.

- C. Supplier Qualification Level requirements are established for each transaction based upon *acquisition type* (see def.) and assigned procurement *quality level* (see def.).
- D. Suppliers qualified to Levels I, II, or III are listed and maintained on the internally controlled BBWI Qualified Supplier List (QSL). A qualification record for each supplier is developed, maintained, and controlled, in accordance with approved internal procedures.

NOTE: *Each listed supplier is re-evaluated annually and at the discretion of BBWI, re-qualified tri-annually.*

- E. Suppliers eligible for, and qualified to, Level IV are approved only for single transactions and as such, are not listed on the QSL.
- F. The QSL is not available for public or external review.

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5.3.1.6 CERTIFIED

CERTIFIED status is required to establish a supplier's eligibility for automatic performance period extensions. CERTIFIED status is reserved for suppliers receiving specific requirements to become certified in accordance with an awarded purchase order or contract.

- A. Certified status is intended to:
 - promote continuous improvement
 - recognize superior performance
 - assure retention of best-in-class performers.
- B. Certified status is directed primarily towards suppliers receiving a significant volume of transactions, generally in excess of 25 transactions/year with a cumulative value of \$100K or higher.
- C. Certified status is required when specified by a BBWI purchase order or contract.
- D. Criteria for achieving Certified status are generally based upon the Baldrige National Quality Program, 2000 Criteria for Performance Excellence. Alternative certification criteria, e.g., ISO 9001, 9002 may be selected based upon unique conditions or needs.
- E. Suppliers are generally required to achieve Certified status within 6 to 18 months from initial award of a BBWI purchase order or contract unless otherwise specified. Maintenance of Certified status is dependent upon demonstrating continuous improvement in performance for the duration of the performance period.

6. DEFINITIONS

Acquisition Type. Category assigned to each procurement transaction: Category 1) commercially available materials and/or products; Category 2) engineered hardware; and Category 3) services (to include construction).

Supplier. Any individuals or organizations who furnishes materials and/or services in accordance with a procurement document. An all-inclusive term used in place of the

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following: vendor, seller, contractor, subcontractor, dealer, fabricator, or consultant, manufacturer or distributor.

Performance Period. Time period during which delivery of specified materials and services is completed.

Quality Level. A numerical value of 1 through 4, assigned to each BBWI procurement transaction. Quality Level defines the consequence of failure in the materials or services procured, should a failure occur. QL 1 represents the highest consequence of failure; QL 4 represents the lowest consequence of failure.

Quality Significant. Procurement Quality Level 1, 2, & 3 materials and services.

7. REFERENCES

None

8. APPENDICES

Appendix A, ISMP Description Matrix

Appendix B, SPES Description Summary

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Appendix A ISMP Description Matrix

	Performance Criteria	Performance Measure(s)	APPROVED	QUALIFIED	CERTIFIED
1	Debarment	Debar Status	Verified as Unlisted: GSA Consolidated List of Debarred, Suspended, or Ineligible Contractors		
2	Financial	As required by contract	Satisfactory review and evaluation of applicable objective evidence		
3	Technical	As required by contract	Satisfactory review and evaluation of applicable objective evidence	Satisfactory review and evaluation of applicable objective evidence	
4	Quality	Performance Record, as required by contract	Satisfactory review and evaluation of applicable objective evidence	Satisfactory initial qualification, annual re-evaluation, and triennial re-qualification	Satisfactory initial review and recurring annual review, in accordance w/specified certification standard/criteria. See Contractor Form 540.24, ISMP Certification Criteria or other as specified by contract
		Quality Management Systems (QMS), as required by contract			
5	Safety & Health	Performance Record, as applicable.	Satisfactory review and evaluation of applicable objective evidence See Note 1.		
		S&H Management System as required by contract			

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	Performance Criteria	Performance Measure(s)	APPROVED	QUALIFIED	CERTIFIED
6	Environmental	Performance Record, as required by contract.	Satisfactory review and evaluation of applicable objective evidence	Satisfactory initial qualification, annual re-evaluation, and triennial re-qualification See Note 2	
		Environmental Management System (EMS), as required by contract.			
7	INEEL Performance History	Cumulative numerical rating- Previous 12 months (SPES) See Appendix B	> 75 Points	> 75 Points	> 75 Points

Note 1: Services designated by contract as Hazard Grade Level 1. Performance measures and criteria for **APPROVED** status are as follows:

Criteria 1:

or

Criteria 2:

Current Year - $EMR \leq 1$
Last Full Calendar Year - $RIR \leq 13$
Last Full Calendar Year - $LTFR \leq 6.1$
Last Full Calendar Year - $LWSR \leq 148$

Three Year Average- $EMR \leq 1$
Five Year Average - $RIR \leq 13$
Five Year Average - $LTFR \leq 6.1$
Five Year Average - $LWSR \leq 148.1$

Note 2: Services designated as Waste Treatment, Storage and Disposal (TSD) Facilities

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APPENDIX B

SPES Description Summary

Supplier evaluation consists of a systematic review and evaluation of supplier performance through routine and periodic collection of performance data, on or before the completion of each performance period. On May 7, 2001, BBWI implemented the INDUS Corporation PassPort Supply Chain software for acquisitions and inventory management. The supplier performance evaluation system has been migrated from the legacy business system to current PassPort system functionality. Each qualifying transaction is assigned a numerical performance score at the conclusion of the stated performance period, based upon pre-established criteria.

In accordance with the INEEL Supplier Management Program (ISMP), suppliers are required to maintain a minimum overall evaluation score of **75** points to remain in the approved, qualified or certified classification status. Suppliers who fall below the minimum are subject to suspension and may be precluded from receiving additional solicitations or transactions.

The evaluation process consists of two (2) unique and alternate methods. For material acquisitions completed through the PassPort purchasing module, the PassPort Vendor Rating System (VRS) applies. For service acquisitions completed through the PassPort contracts module, the PassPort Contract Performance Evaluation System (CPES) applies. The following is a description of each process:

1. Material Acquisitions

- 1.1 For material acquisitions, the PassPort VRS functionality provides a fully automated process to evaluate supplier performance. Each monthly evaluation is assigned a performance rating between 1 and 99. The highest performance rating is 99 and the lowest is 1.
 - 1.1.1 The supplier's monthly rating is the result of the evaluation of all transactions due in and/or received during the month. The monthly evaluation will measure any missed promised dates, problems with overages, shortages, damaged materials, or discrepancies, receiving inspection or quality control rejections, and any missed matched invoices.
 - 1.1.2 The supplier's overall rating is the evaluation of the previous 12 months of performance, excluding the current month.
 - 1.1.3 The categories, point ranges, and weight factors, utilized by the VRS are as follows:

CATEGORY	Point Range	Weight Factor
Missed Promises	0 to 99	30%
Over, Short, Damaged and Discrepant (OSD&D) shipments	0 to 99	30%
Receiving Inspection and QC rejections	0 to 99	30%
Other Problems	0 to 99	10%

- 1.2 Categories are defined as follows:

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- 1.2.1 Missed Promises. Based on the Purchase Order (PO) delivery schedules. Each scheduled promise date is adjusted by tolerance factors for days early and days late on the PO line. If there is no receipt for the PO line between the adjusted dates, it is counted as 1 missed promise.
- 1.2.2 OSD&D. Based on the receipts during the month being evaluated. The sum of OSD&D quantities will be compared to the total receipt quantities during the month.
- 1.2.3 Receiving Inspection and QC. Based on the receipts during the month being evaluated. The sum of rejected quantities will be compared to the total receipt quantity during the month.
- 1.2.4 Other Problems. Based on the invoices during the month being evaluated. The sum of the invoices with problems will be compared to the total invoices received during the month.
- 1.3 Each category is assigned a preset weight factor as shown. The sum of the weight factors must equal 100%. Weighting factors are used to determine the supplier's performance rating.
- 1.4 The monthly rating is the sum of the ratings in the four categories.
- 1.5 The supplier's overall rating is determined by summing the amounts in the four categories over the previous 12 months period. Each sum is adjusted by the weighting factor and divided by the number of rating months.
- 1.6 The formula used in the calculation of each category rating is as follows:
 - Missed Promises Qty = $[(1 - (\text{Missed Promises} / \text{Scheduled Deliveries})) * 99]$
 - OSDD Qty = $[(1 - (\text{OSDD Qty} / \text{Total Receipt Qty})) * 99]$
 - Rejected Receipts Qty = $[(1 - (\text{Rejects} / \text{Total Receipt Qty})) * 99]$
 - Other Problems Qty = $[(1 - (\text{Other Problems Basis} / \text{Total Other Problems})) * 99]$

Example:

- Missed Promises Qty = $[(1 - (1 \text{ Missed Promise} / 20 \text{ Scheduled Deliveries})) * 99]$ = 94
- OSDD Qty = $[(1 - (2 \text{ OSDD} / 100 \text{ Total Items Received})) * 99]$ = 97
- Rejected Receipts Qty = $[(1 - (4 \text{ Rejects} / 100 \text{ Total Items Received})) * 99]$ = 95
- Other Problems Qty = $[(1 - (0 \text{ Problems} / 5 \text{ Total Invoices})) * 99]$ = 99

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Note: When any of the above category quantities are equal to 0, the default rating is '99' if rating data exists for the month and year.

1.7 The formula used in the calculation of the monthly rating is as follows:

- Monthly Rating = (Missed Promises Rating * (Weight Factor/100))
+ (OSDD Rating * (Weight Factor/100))
+ (Rejected Receipts Rating * (Weight Factor/100))
+ (Other Rating * (Weight Factor/100))

Example:

- Monthly Rating = (94* (30/100)) = 28
+ (97* (30/100)) = 29
+ (95* (30/100)) = 28
+ (99* (10/100)) = 10
Total 95

2. Service Acquisitions

2.1 For service acquisitions, the PassPort (CPES) functionality provides a automated process coupled with manual inputs to evaluate supplier performance. Each transaction is assigned an overall performance rating between 1 and 100. The highest performance rating is 100 and the lowest is 1. The rating process is performed as milestones are met and/or as the contract is completed.

2.2 The CPES process provides evaluation templates for a consistent judgement base applicable to various types of contracts. Each template consists of a list of the appropriate evaluation categories and weight factors. The preset categories, point ranges and weight factors utilized by CPES are as follows:

CATEGORY	Point Range	Weight Factor
Safety	1 to 100	25%
Technical Ability	1 to 100	30%
Quality Assurance & Inspection	1 to 100	20%
Schedule; Timing, Completion	1 to 100	20%
Accounting; Timely /Invoice Discrepancies	1 to 100	5%

2.3 The evaluation categories and weight factors are preset, however the Procurement Agent (PA) can add additional evaluation categories or delete existing categories and modify weight factors, as circumstances warrant. The PA will select the CPES template to match the type of contract to be evaluated. The point range for each category as shown is 1 to 100. The PA enters the points awarded for each category according to the supplier performance. Input received from the appropriate evaluation team members will be utilized in the evaluation of the supplier's performance.

2.3.1 The PA will identify the representatives of the evaluation team.

2.3.2 Each evaluation team member shall submit evaluation data/input to the PA.

2.3.3 In each template, each category is has a preset assigned weight factor as shown. The sum of the weight factors must equal 100 %. Weighting factors are used to determine the supplier's performance rating.

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2.3.4 In each template, each evaluation category has a comment field available. The PA is able to describe the evaluation reason for the rating or weighting.

2.3.5 If the rating points are not entered or zero, the evaluation category is ignored in the weighted rating and contract rating calculations. If weighted rating is not desired, each weight factor can be set to 1.

2.4 The formula for calculating each category rating is as follows:

- Category Rating = (Rating Points * Weight Factor)
- Total Contract Performance Rating = (Summation of all category ratings)

Example:

- Safety (90 Points*(25/100)) = 23
- Technical Ability (90 Points*(30/100)) = 27
- Quality (100 Points*(20/100)) = 20
- Schedule (100 Points*(20/100)) = 20
- Accounting (100 Points*(5/100)) = 5
- Total Points 95

2.5 The CPES will update the supplier's total performance rating upon completion of the evaluation of the contract

2.6 The formula for calculating the supplier's overall performance rating is as follows:

- Overall Performance Rating = (Sum of all contract ratings/ Total number of evaluated contracts).

Example:

- PO 123 = 95
- PO 457 = 98
- PO 846 = 94
- PO 547 = 90
- PO 742 = 95

Total Rating = Total Points/Total Number of Contracts = 472/5 = 94